The loan will have a 15 year term, exclusive of a grace period of 5 years, interest rate determined in accordance with ADB's LIBOR based lending facility, a commitment charge of 0.75% per annum and a front end fee of 1.0 percent.

Relaxation in CRR and SLR for FIs

1579. SHRI K.B. KRISHNA MURTHY: Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India is planning to relax statutory requirements like Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) on FIS converted into banks;

(b) whether the FIs are pressurising Government for a different treatment which is discriminatory to banking sector; and

(c) whether the time-honored practice of RBI inspection of banks is being extended to Financial Institutions and if so, since when?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHEPATIL): (a) to (c) The salient operational and regulatory issues to be addressed by Financial Institutions (FIs) for conversion into a Universal Bank was communicated by Reserve Bank of India (RBI) through a Circular dated 28.4.2001, according to which compliance with the cash reserve ratio and statutory liquidity ratio would be mandatory for a FI after its conversion to a universal Bank. RBI intends to process applications promptly in line of considerations outlined in the said RBI Circular. RBI inspection has been extended to FIs *viz.* Industrial Development Bank of India and National Housing Bank (since 31.3.95), Industrial Finance Corporation of India and Industrial Credit and Investment Corporation of India (since 30.9.95), Exim Bank (since 31.3.96), Industrial Investment Bank of India, National Bank for Agriculture and Rural Development and Tourism Finance Corporation of India (Since 30.9.96) Infrastructure Development Finance Corporation of India (Since 31.3.2000).

Policy of RBI on reduction of Bank interest rate

1580. SHRI W. ANGOU SINGH: Will the Minister of FINANCE be pleased to state:

(a) the effects of RBI's policy regarding the reduction of Bank's interest rate;

(b) whether it will affect other National Financial Markets of the country; and